



SOCIETY OF ACTUARIES

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OBJECTIVITY The SOA's research informs and provides analysis that can be relied upon by other individuals or organizations involved in public policy discussions. The SOA avoids taking advocacy positions or lobbying specific policy proposals.

QUALITY The SOA aspires to the highest ethical and quality standards in all of its research and analysis. Our research process is overseen by experienced actuaries and non-actuaries from a range of industry sectors and organizations. A rigorous peer-review process ensures the quality and integrity of our work.

RELEVANCE The SOA provides timely research on public policy issues. Our research advances actuarial knowledge while providing critical insights on key policy issues, and thereby provides value to stakeholders and decision makers.

QUANTIFICATION The SOA leverages the diverse skill sets of actuaries to provide research and findings that are driven by the best available data and methods. Actuaries use detailed modeling to analyze financial risk and provide distinct insight and quantification. Further, actuarial standards require transparency and the disclosure of the assumptions and analytic approach underlying the work. **A**

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ON TRACK WITH GENERAL INSURANCE

BY STUART KLUGMAN



November 2013 saw an important milestone in the development of the Society of Actuaries (SOA's) newest track to fellowship—General Insurance. That month, the full extent of the track curriculum was released. This included availability for registration of the Applications of Statistical Techniques module (specially created for this track) and release of the syllabi for the Financial and Regulatory Environment and Advanced Topics exams (to be given in spring 2014). This makes now a good time to look back on why the SOA Board decided to add this track, examine how well the Board's vision has been realized, and note what remains to be accomplished.

The SOA Board approved the new track at its March 2012 meeting. This was done as part of the Board's ongoing efforts to achieve the SOA's vision to be the leading global provider of actuarial education. Research done at that time, which has continued to be confirmed, indicated that general insurance (also called property/casualty insurance and nonlife insurance, depending on location) is the fastest growing branch of actuarial work, particularly outside the United States and Canada, and that the gap was not being filled by existing actuarial organizations.

A further motivation for the track was that in many parts of the world the distinction between practice areas is not as sharp as in the United States. Employers and those who hire actuarial consultants look for actuaries from an organization that covers the broad range of actuarial work. The SOA has long believed that its members should have basic grounding in all practice areas (general insurance has been part of SOA education for all members for several decades, currently through the Fundamentals of Actuarial Practice course). The addition of the General Insurance track ensures that SOA candidates have an opportunity to specialize according to their interests and goals while being grounded in the full range of actuarial practice.

On Track With General Insurance

THE GENERAL INSURANCE TRACK from the SOA fully equips actuaries with the knowledge, skills and ability to make a positive impact on organizations around the globe. Learn more at soa.org/general-ins.

A corollary to having a full spectrum of options is that those seeking an actuarial career can delay their choice of specialization. Prior to the formation of the General Insurance track, candidates who wanted to keep their specialty option open for as long as possible were better off choosing other international actuarial organizations for their actuarial home. Now, SOA candidates can work all the way to their ASA designation without having to make a specialty track decision.

So, the Board's vision was to add a sixth track that would complete the SOA's offerings. How well did we do? A dedicated team of volunteers and staff created the overall structure and content for the track that ensures SOA candidates receive an education comparable in most cases and exceptional in some with regard to that offered by other actuarial organizations. Highlights of the process include the following:

- Hiring a consultant, Terrie Troxel, to lead the effort to construct an introductory exam based on CPCU materials. This exam was administered on Feb. 10, 2014. Troxel is the former president and CEO of the American Institute for Chartered Property Casualty Underwriters and retired professor of insurance (Indiana State University). He also served three terms on the Board of Directors of the American Risk and Insurance Association.
- Created a new text, *Introduction to General Insurance Actuarial Analysis*, authored by Jacqueline Friedland. This is the main

text for the Introduction to Ratemaking and Reserving Exam. The exam itself was administered on Oct. 30, 2013. Eleven candidates from a broad geographic area took the exam, with five passing; a result that is consistent with SOA fellowship-level exams.

- Developed a new text, *General Insurance Financial Reporting Topics*, which includes significant educational material for the Financial and Regulatory Environment Exam.
- Released the Applications of Statistical Techniques module. Rather than ask candidates to read about techniques such as using generalized linear models for classification ratemaking, candidates apply the methods to data sets using comprehensive software.
- Hired two staff fellows with more than 40 combined years of general insurance actuarial experience. They play a major role in ensuring that every aspect of the track meets the quality standards expected of SOA education.

A final component in constructing the track has been to ensure that fellows are qualified to practice in general insurance in the United States, Canada and other countries where SOA designations are recognized. The main motivation has been consistency. When a candidate, regardless of location, enters the SOA pathway by taking the preliminary examinations he or she must be confident that when finished the qualification standards will

have been met (perhaps with additional local requirements). This goal is being fulfilled in two ways. First, when setting the syllabus, attention is paid to meet the requirements set forth in the United States and Canada. This is true for all of the SOA's tracks that have a product focus and must be true for the general insurance track as well. At the same time, the curriculum contains significant material on international standards.

The second component is seeking formal recognition that our general insurance fellows meet specific qualification standards in several jurisdictions. Those discussions have been taking place since the announcement of the track and the SOA continues to make progress.

As we begin 2014, what remains for the implementation of the track? With the spring exam administration, the complete pathway will be available. It is possible that the first general insurance fellows will receive their FSA by the end of 2014. SOA leadership and staff continue to work with the organizations that set the requirements for qualification.

As we move through the year, more professional development opportunities will also be available with a general insurance focus and during 2014 the SOA's Research Executive Committee will be exploring ways in which the SOA can support research in general insurance.

It is nearly two years since this project began. Great things have been done and we expect that a year from now the SOA's involvement in general insurance will be business as usual. **A**

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